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UNITED STATES DEPARTMENT OF AGRICULTURE
Office of the Secretary
Washington, D. C.

October 15, 1940

DEFENSE INFORMATION FOR USDA EMPLOYEES

MEMORANDUM FOR CHIEFS OF BUREAUS AND OFFICES
Defense and Agriculture Series -- No. 1
Subject: Agriculture's Part in Total Defense

Farm people and workers in government agricultural agencies are anxious to help the national defense program in every effective way.

The gravity of the situation which our nation is facing is evidenced by the sweeping program which the representatives of the people in Congress have authorized to provide security against all threats of aggression.

We in the United States still have time to profit from the experience of the peace-loving nations of Europe which have now been overrun by the dictators.

Nations which tried appeasement found they had only succeeded in convincing the enemy of their weakness. Nations which depended on neutrality alone for safety now are quartering armies of occupation. Nations which permitted disunion are having their internal quarrels settled by the conqueror. Only those who put their trust in preparedness and in unity have remained free--and their freedom remains in deadly peril.

The marshaling of our resources to meet this threat means more than the forging of cannon, the building of ships and planes, and the arming of soldiers. It means the ordering of our affairs so that our people will hold fiercely to the belief that the American ideal is worth defending.

This American ideal means different things to different people and no one would have it otherwise. That is a thing we cherish about our way of life--we give the other fellow room to disagree--provided that disagreement does not imperil the safety of all. The American ideal holds sacred every man's right, within the limits of democracy and fairness, to speak, write, vote, and worship as he thinks best. The American ideal includes a decent opportunity to make a decent living.

Total defense means the maintenance of these fundamentals and an unceasing effort to work toward these ideals, for it is these, essentially, which we are planning to defend. This is the ancient faith which must be justified by works if we are to remain secure and at peace.

Therefore, we must take whatever steps are necessary to give every American a part in the national life--to make him realize that his skill and labor and his presence in the community are wanted and needed.

In this emergency, it is vital that every industry and every phase of national life be included in a unified national effort.

A strong agriculture is essential to a strong nation.

Fortunately, even before the threat of aggression, much had been done through the cooperation of farmers and government to restore the strength of agriculture.

Agriculture is organized to produce ample quantities of food and fiber and also raw materials to supply any likely needs.

The increase in farm income, which has nearly doubled in the last few years, has enabled farmers to modernize and rehabilitate their producing plant.

Farmers are conserving and rebuilding the fertility of their soil.

Through the Ever Normal Granary program, reserves of food and fiber have been stored against a future day of need resulting from short crops or increased demand.

Groups of producers who have lost vital export markets because of the war are able to protect their industries against ruin by making use of the machinery for production adjustment.

Through the Food Stamp Plan and other programs for distribution of surplus farm products, agriculture is not only finding new outlets at home for these products but is contributing to the health and efficiency of the whole nation.

Rehabilitation of destitute farmers has been an important factor in restoring the strength of agriculture and in increasing its ability to contribute to national defense.

Hundreds of REA cooperatives already operating, with more organizing every month, are taking electric energy into the open country. Thus, the first essential for the operation of decentralized industry--a power supply--is being provided.

In addition to the efforts of farmers, agriculture is contributing to national defense through the work of research scientists of the Department of Agriculture, who are developing new sources of materials needed in the defense program.

These are important contributions to defense. A prime duty of farm people and Department of Agriculture workers is to continue and strengthen these efforts. All of us must develop understanding and readiness to adapt the programs to changing world conditions and the developing needs of national defense.

Additionally, it is our duty to study and understand the situation which makes the defense program necessary, to know what total defense involves, and to keep acquainted with the progress of the defense effort.

Here in Washington the Department of Agriculture and the Agricultural Division of the National Defense Advisory Commission are working hand in glove to speed agriculture's contribution in defense. I am happy to send you with this first memorandum in the new series of defense information bulletins from my office, a very thoughtful and clear statement by Mr. Chester C. Davis, Agricultural Commissioner of the NDAC. I recommend that it receive the very careful and thorough study of every officer of this Department. I recommend further that those officers who are asked by citizens for information about defense and agriculture give them the information contained in Mr. Davis's statement and in this memorandum.

Claude A. Wickard

Secretary.

NATIONAL DEFENSE

(By Chester C. Davis, Agricultural Commissioner, Advisory Commission to the Council of National Defense)

An understanding of the nature of the opposing forces striving for dominance in the world today is, in my opinion, the first essential of an effective defense program. Only through such an understanding can we develop a sense of the necessity for the things that are being done and will be done which vitally affect us all. Most of us realize that the aggressors in the Old World would not limit their hope of conquest to the present arena of destruction and bloodshed. We further sense that the present struggle is no quarrel over trade and colonies alone. Here is a war whose conclusion might be the imposition everywhere of moral, spiritual, and economic concepts which would destroy freedom as we know it.

Events of the past few years have made the threat to our freedom a reality too great to be ignored. We have witnessed the hopeless struggle against the forces of oppression by unprepared and neutral nations which failed to realize that their liberty was in peril. Reluctantly we have been forced to the conclusion that to preserve our country and our liberties we must be prepared to match force with superior force if the test should become necessary. Events have shown us that it is a new kind of defense that is required to keep a new kind of war away. The total war which the aggressors are waging involves the total energies and resources of all the peoples of the aggressor nations. A total defense for America likewise calls for the unified efforts of all our people and the will to mobilize all our resources.

The sooner America demonstrates her strength by speedy and complete economic mobilization, the less likely the prospect becomes that we shall be compelled to test it in war.

If we are to be secure, every citizen, our complete industrial organization, and our agricultural groups must be ready to make whatever contribution and sacrifices the future may compel. The mobilization of manpower, the accumulation of planes, tanks and guns, of reserves of foodstuffs and raw materials, are not sufficient in themselves. This country must rearm in spirit and determination. We must cultivate and maintain an indomitable will to defend and preserve our free institutions. Equally important, we must not for a moment lose sight of the fact that failure to prepare places our country in real danger.

The President has appointed the National Defense Advisory Commission to coordinate the program to make this country invulnerable in a military sense. That job is proceeding with real vigor and the progress that has been made in the past four months is encouraging. Basic-

ally, the Commission's job is to assist the military establishments in procuring planes, tanks, guns and uniforms for an army of 1,200,000 men and equipment sufficient for an additional 800,000 in building a two-ocean navy and in providing the United States a total minimum air force of 25,000 fighting planes.

The responsibility of the defense commission, however, goes beyond the gigantic task of participating in the procurement of some 14 billions of dollars of war material. The President, mindful of the lessons of the past, is determined that in the marshaling of America's resources for defense the interests of all groups of our society shall be given consideration. In addition to specialists in the fields of raw materials and production, the defense commission has coordinate representation on behalf of labor, agriculture, and the consumer. Another commissioner has been charged with the special responsibility of determining the impact of defense preparations and international developments upon our price structure and the economic system in general and in formulating programs to correct unfavorable tendencies.

The responsibilities assigned to the several divisions of the commission give evidence of the fact that this nation is trying to profit by past experiences and to so organize the defense program as to minimize the shock to our economic system when the emergency is over. My job, as I conceive it, is to determine in what way agriculture can cooperate to the fullest extent with the defense program and at the same time to aid in the development of policies which will maintain the agricultural plant in a healthy, productive condition.

Most of us remember, all too clearly, the eagerness with which farmers responded to the "Food Will Win The War" slogan in 1917. Agricultural leadership still thinks in terms of the economic headache and the soil erosion damage which followed that emergency period. This we wish to avoid in our effort to keep war away from this continent. Planning and organization might have prevented the hangover after 1918. We now have the opportunity to minimize disastrous effects of world conditions this time if we are sufficiently far-sighted.

I repeat what I have stated often during the past four months:

Agriculture's responsibility in this crisis is the same as that of all other American interests -- to make resources and manpower available for defense purposes. America's farmers are perhaps better prepared than any other group to meet that responsibility. Agriculture does not have to expand its production to meet whatever demands the future may bring. There is an abundance of food and fiber for civilian requirements and military needs. But because farmers have always produced abundantly, their economic future is complicated by loss of export markets. Additional measures may be necessary to prevent the loss of these markets from impairing agriculture's ability to continue to produce.

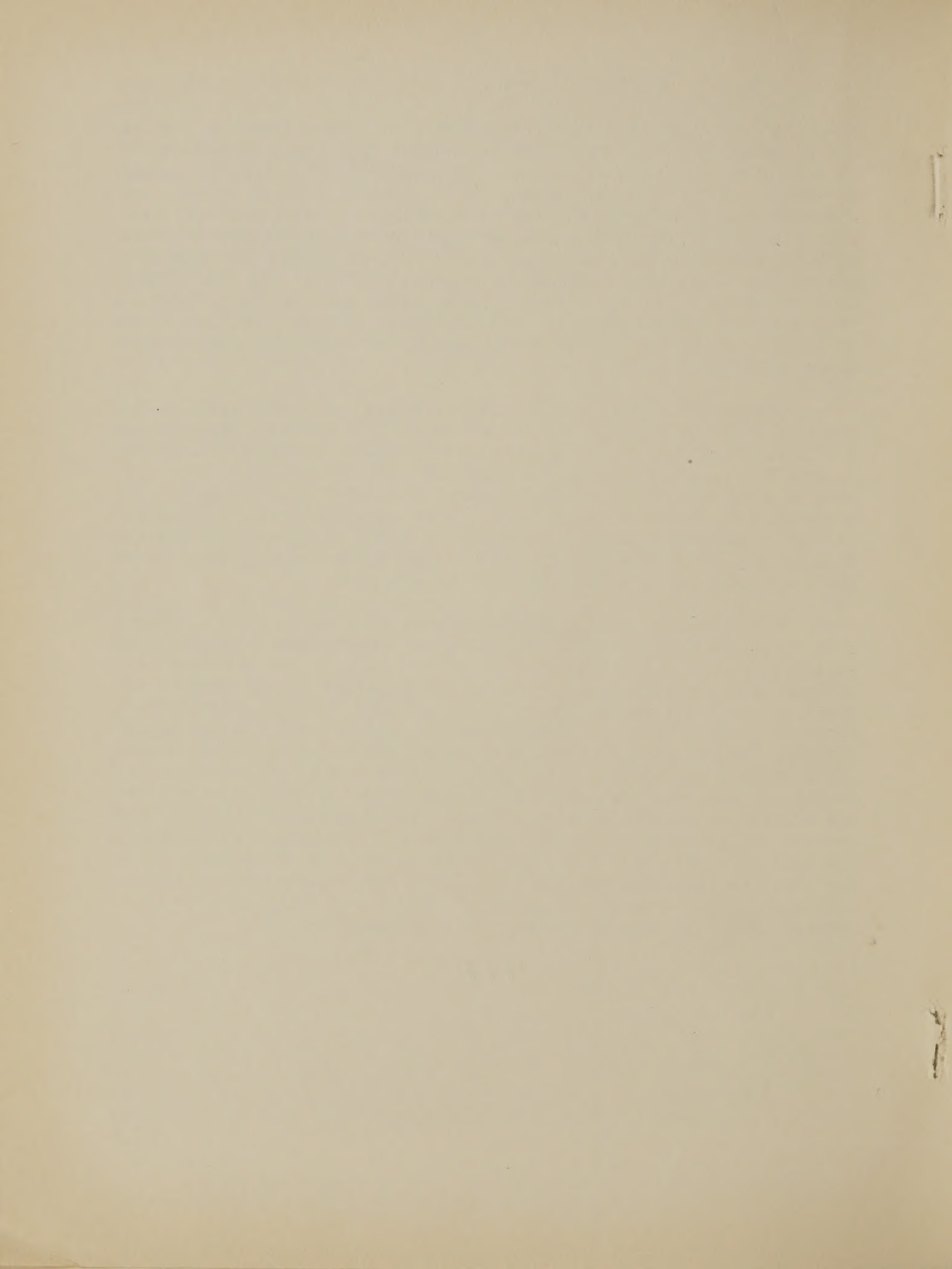
I have taken the position that no defense program can succeed if farm prices and farm income are not maintained at the level that will

keep the farm plant healthy. Adjustments in agriculture are already under way and developments beyond our control will almost surely result in additional far-reaching changes. The producers of many export crops, including cotton, tobacco, wheat, lard, fresh and dried fruits, and naval stores, have lost, at least temporarily, a large part of their export markets. The defense program itself through increased industrial activity will contribute to an increased domestic demand for many farm commodities, including some export products. For a time the Government can protect the producers of these crops against the effects of this loss by commodity loans, but if export outlets continue to be restricted, obviously many producers sooner or later will have to turn to something else.

Farmers must be alert for information that will lead to an understanding of the reasons for the defense effort and how world developments are likely to affect the market for their products. Every effort should be made to supply information as it becomes available, but each individual will need to interpret this information in terms of his own particular problems. If this is done, farmers will be prepared to make such shifts in their operations as are necessary in order to maintain a healthy farm plant. At the same time governmental agencies will need to be alert and prepared to assist in every way possible.

I can assure you that in the defense program itself all reasonable steps will be taken to minimize the agricultural distress that will result from the changed market conditions. We are striving, for example, for the maximum possible decentralization of new defense industries not only because it is sound practice for the country as a whole but because of its importance to agriculture. Decentralized industry brought close to rural areas means jobs for low income farmers and a diversified new market for farm products. But this factor cannot completely alleviate the conditions brought about by lost markets. New and additional steps may be indicated. Individual producers and farm leaders, in government and out, should be giving constant attention to the implications of the new economic environment in which agriculture may find itself. But, above all, we must never forget that in face of fast-moving developments throughout the world, our single purpose is to maintain democracy here at whatever cost or sacrifice.

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UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF ANIMAL INDUSTRY
WASHINGTON, D. C.

November 9, 1940.

SPECIAL ADMINISTRATIVE MEMORANDUM

Subject: Information on Defense and Agriculture

To All Supervisory Personnel:

This is an important administrative communication. It brings you a statement of principle dealing with the relation of agriculture to national defense. Please read carefully.

I am attaching a copy of a memorandum from Secretary Wickard which transmits a statement by the Agricultural Commissioner of the National Defense Advisory Council, Mr. Chester C. Davis.

This memorandum is the first in a series which you will receive at frequent intervals from now on. Others to follow will bring you facts about progress of phases of the defense programs which affect agriculture and about progress of the agricultural part in the defense programs. In the next few weeks you will receive in this series of Secretarial memoranda (1) a brief analysis of the part of all Department of Agriculture programs in national defense with special attention to the part of our own program in the total defense effort; (2) a report on the present and probable future effects on agriculture of war in the Old World and defense program in the United States; (3) facts about the agricultural and other problems of our neighbor nations in South and Central America which will influence the Inter-American hemispheric defense program; (4) facts about the national drive for better nutrition which is now being cooperatively prepared by this Department, the State Extension Services, and the Consumer Commissioner of the National Defense Advisory Commission.

Now, as to the use of this file of information on agriculture and defense which will be provided you:

First, please inform yourselves thoroughly by reading and studying the documents and reports that will be sent you.

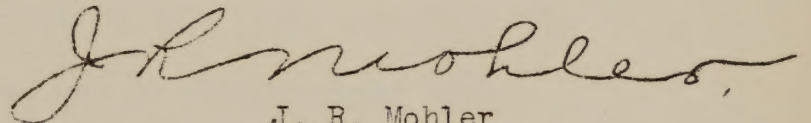
Second, those of you who hold meetings in connection with your official work may use the information to inform your co-operators attending the meetings on the subject of defense and agriculture. The facts that you will receive in this series are facts

that all farm people will now have to take into consideration in dealing with their problems. These facts, therefore, will have a definite place in your discussions with farm people. Do not, however, call meetings solely for the purpose of informing cooperators on this subject.

Third, those of you who are requested to speak before meetings called by other persons - farm groups, civic groups, etc., may use the information contained in this file on defense and agriculture in your addresses before these groups.

In short, the Bureau and the Department are going to provide you with accurate and fairly detailed information about the developing program of national defense as it relates to agriculture. All of us are eager to have this information. The citizens whom we serve are eager to have this information. You may pass it on to them.

Sincerely yours,


J. R. Mohler
Chief.

C O P Y

UNITED STATES DEPARTMENT OF AGRICULTURE
Office of the Secretary
Washington, D. C.

FILED

January 28, 1941



DEFENSE INFORMATION FOR
USDA EMPLOYEES

MEMORANDUM FOR CHIEFS OF BUREAUS AND OFFICES
Defense and Agriculture Series — No. 2
Subject: War and Defense and Farmers' Markets,
Income, and Problems.

The enclosed leaflet reports on the present and probable future effects on agriculture of war in the Old World and the defense program in this country. It contains facts which farm people now have to take into consideration in dealing with their problems and in making their plans for the future.

This leaflet on "European War, National Defense, and American Agriculture" is one of the series of statements planned some time ago on the progress of the defense program as it affects agriculture and the progress of the agricultural part in the defense program.

Claude R. Wickard,
Secretary.

Amplified Original

Office of the Secretary
Washington, D. C.

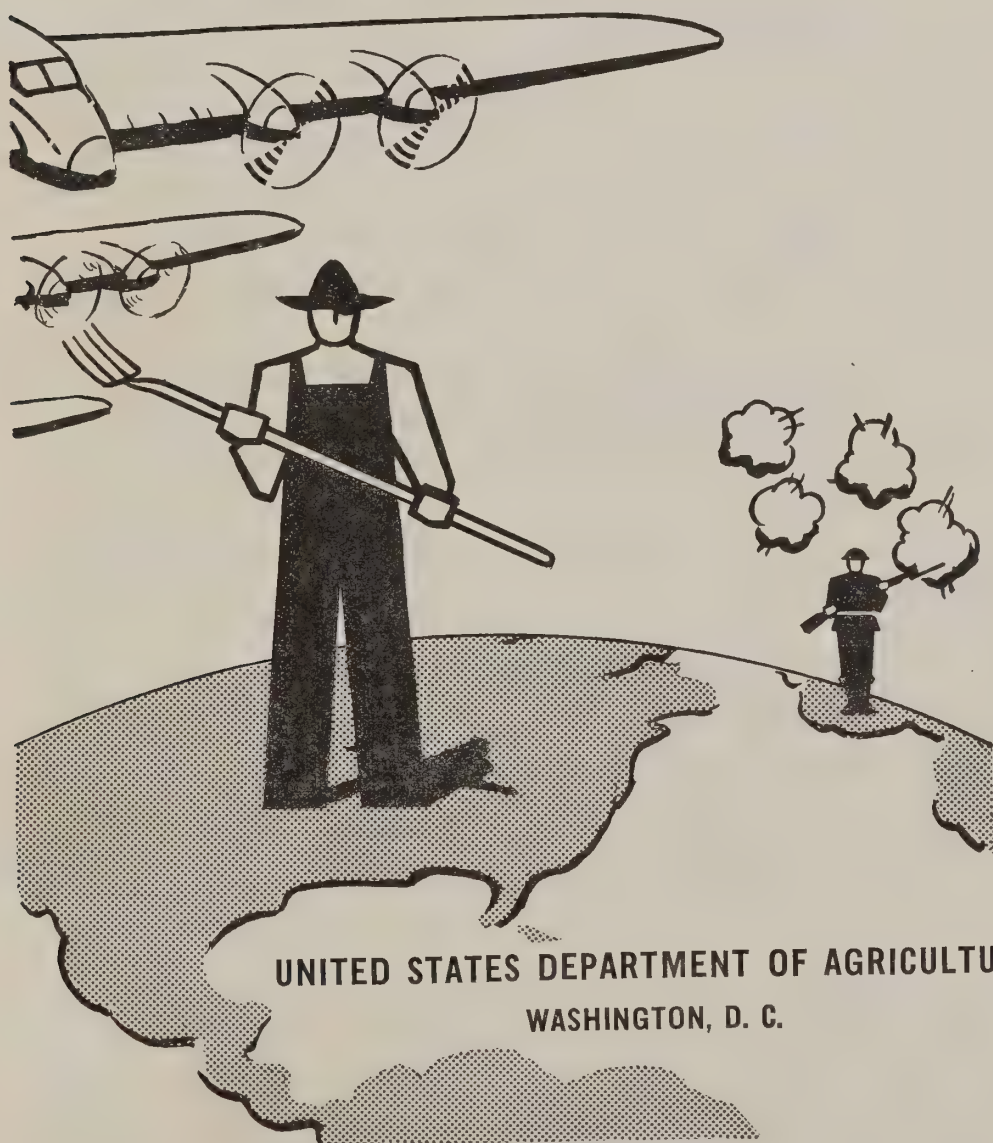
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**European War
National Defense, and
American Agriculture**



Prospects—

Farmers have lost most of their export market since the beginning of the war.

Increased city employment and purchasing power will improve domestic demand and prices for farm products.

Farmers producing commodities for domestic use will benefit most from the effects of the defense program on farm prices and farm income.

Farmers depending largely on income from export crops will be more, rather than less, dependent upon income-protection measures of the National Farm Program.

Problems—

What adjustments should be made in agricultural production?

What export markets may be expected in the future?

What are the opportunities for workers not needed in farm production?

European War

National Defense *and*

American Agriculture

In the coming years farmers will live and do business in an economic world different from the one they have known. They are faced with the necessity for careful planning and adjustment to new conditions. The purpose of this leaflet is to present some of the most important facts they will have to consider.

These basic facts in the present situation stand out clearly:

1. War has cut off completely the continental European market and reduced the volume of farm products going to Great Britain, and, whatever the outcome of the war, the prospect is for small export outlets in most of the years ahead. In the future, therefore, farmers producing export crops will have more, rather than less, need of income-protection measures.

2. Industrial production, employment, and pay rolls are increasing rapidly and for some time will continue to improve the domestic demand for farm products. Prices and incomes received by farmers producing commodities for sale in the United States will therefore increase.

3. The general price level is rising, and this means increases in the costs of goods farmers buy. However, for agriculture as a whole, the prices of commodities farmers sell probably will increase more rapidly than the prices of goods they buy, and the buying power of total farm income will increase to some extent.

Farmers Have Lost Export Markets. American agriculture since the beginning of the war has lost most of its export outlets, and there is little prospect soon of regaining a large part of the former volume of export business. The trend has been downward for many years, but war has completely shut off many of the most important foreign markets.

During the first few months of the war, it is true, cotton exports increased with the aid of the export subsidy and because of the rush of foreign nations to build up their depleted stocks. Now, however, much of the foreign market for cotton is gone.

Cotton producers have lost export markets for about 4 million bales of cotton, an amount equal to nearly one-third of the crop produced this year. Six million bales were exported last year. Exports this year are not expected to total more than 1½ million bales. But the loss in export markets will be partly offset by an increase in domestic consumption of about a million bales over last year.

Wheat producers have lost most of their export market. They cannot expect to export much even to Great Britain, which usually takes about one third of the world's wheat imports. Canada alone has enough wheat to supply an entire normal year's world imports. In the 1938-39 marketing

year, with the aid of the export subsidy, United States exports totaled 107 million bushels and in 1939-40, 45 million bushels. This year, even with the continuation of the export subsidy, probably less than 20 million bushels will be exported by the United States.

Tobacco producers have lost, temporarily at least, export markets for about 250 million pounds of tobacco, primarily flue-cured. Great Britain, our principal export market, is buying very little American tobacco. And continental Europe is unable to import tobacco. In the current year United States tobacco exports are not expected to total more than about 180 million pounds compared with 450 million pounds in the year before the European war.

Hog producers have lost export markets for 75 million pounds of pork and 140 million pounds of lard. The war has entirely shut off continental European markets, and Canada, by a sharp increase in production, has been able to supply British needs for pork. Great Britain has reduced purchases of American lard to about one-fourth of what might be expected during peacetime. For 1940-41 exports of pork are expected to amount to only about 50 million pounds, and of lard to about 180 million pounds, compared with exports in 1939-40 of 140 million pounds of pork and 257 million pounds of lard.

Apple growers have lost export markets for more than 10 million bushels of apples.

Citrus growers have lost markets for fully 3 million boxes of oranges and grapefruit. European demand for fresh fruit practically ceased with the beginning of the war and there has been very little export demand for dried fruit. Exports of prunes this year are expected to equal only about 18,000 tons, compared with exports of 107,000 tons in the year before the war. Raisin exports will total only about 15,000 tons this year, compared with 76,500 tons in the year before the war.

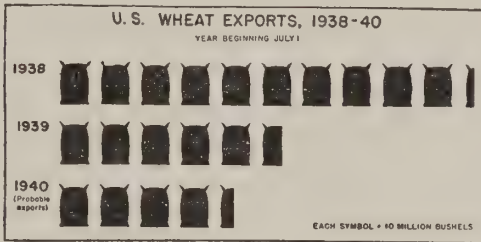
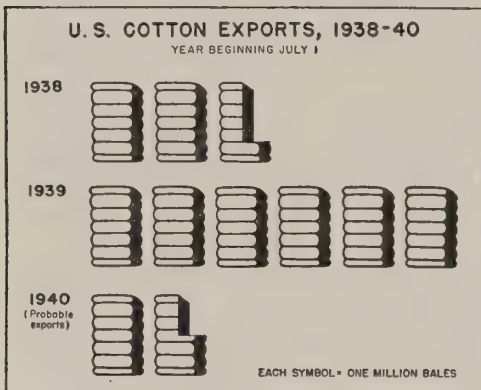
Why the War Has Not Increased Foreign Demand. The effect of the present war on export demand has been the reverse of the World War, which provided a tremendously increased foreign market. This time the belligerents prepared in advance to get along with a minimum of imported agricultural products. Moreover, the blockade has included virtually all of the continental European markets, many of which remained open to United States producers during the World War.

To cut down the necessity for imports, the warring nations in the present conflict have rationed products usually imported. The Axis powers are buying nothing here. Whenever possible, Great Britain is buying farm products from Empire and other markets on credit and conserving dollar exchange in this country for buying munitions.

The Future of Foreign Markets. Producers of export crops face the prospect not only of serious reduction in foreign outlets as long as the war continues, but of small exports in the years to follow. The long-time trend of farm exports has been downward since the beginning of this century.

From 1898 to the beginning of the World War there was a decline of more than 20 percent in the volume of agricultural exports. The war temporarily reversed the trend. It brought a tremendous increase in foreign demand. During the 1920's loans to Europe helped to maintain export sales. But when lending stopped exports fell. In the depression of the early 1930's farm exports reached the lowest point since the World War. Exports of the 1930's failed to come back to the level of the 1920's, and in the drought period practically disappeared for some commodities.

There are several outstanding reasons for the downward trend in agricultural exports. The early years of the present century saw the beginning



of serious competition from other exporters of agricultural products, such as Canada, Argentina, and Australia. They have developed as agricultural rather than industrial nations and have been trading increasing quantities of their farm products to the industrial nations of Europe. The preferential British tariff has given Empire countries an added advantage in the British markets. The United States, being an industrial nation, following a high-tariff policy and, unwilling to accept industrial goods in payment for exports, has been less able to trade farm products to Europe.

With the trend in foreign countries toward the handling of all foreign trade through government agencies, the amount of farm products United States producers are able to sell abroad in the future will depend even more upon the amount of goods this country is willing to accept in exchange.

There has been a decided trend toward agricultural self-sufficiency in European nations and a marked increase in the production of industrial substitutes for farm products, so that these nations do not now even in peacetime need to import as much farm produce as formerly.

Better Markets in This Country. For agriculture as a whole, the improved demand conditions in this country probably will more than offset the bad effects on farm prices and income of the loss of export markets. By late 1940 more people were at work than at any time in the previous 10 years, and more money was being paid out in wages. Under the stimulus of the national defense program, industrial production already has exceeded the 1929 level.

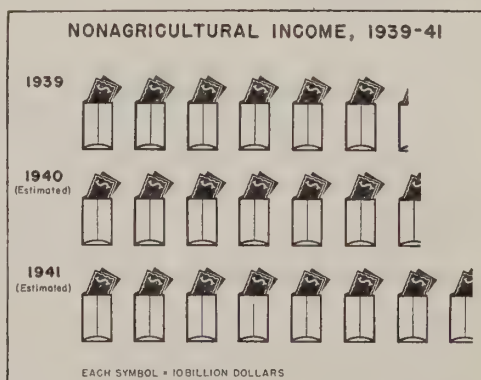
To meet the prospective defense requirements, in addition to civilian consumer needs, will require more than 3 million additional men on industrial pay rolls by 1942. More than a million men are to be withdrawn from the available labor force into the military force. This total draft of more than 4 million men upon the Nation's manpower will cut unemployment about in half.

Consumer buying power is increasing, and the general trend will be upward for some time to come. City workers are now able to pay more for farm products, and there will be a further increase in buying power in 1941. This trend probably will carry forward into 1942. Defense expenditures probably will reach their highest rate in that year. Even after 1942, defense production will continue considerably higher than in recent years.

The higher incomes of American consumers will result in increased demand for farm products. The total demand will increase for such farm commodities as meats, dairy products, poultry products, vegetables, and some fruits. On the other hand, increased domestic consumption of such products as cotton, wheat, and tobacco will not offset the loss of export markets for these products. A substantial rise in the general price level, however, might result in some increases in prices of these commodities.

Shifts in Farm Production. Prices and incomes received by farmers will also be affected by the domestic supply situation. In general, the changes in production now in prospect for the next year or so, under average weather conditions, will not be great for most commodities. Changes in demand will be the dominating influence affecting changes in prices and income.

The hog-production cycle has passed its peak. This means a reduction in pork supplies in 1941. The number of beef cattle on farms is increasing, and this will mean larger beef supplies in the future. Wool and lamb production is likely to continue at or a little above current levels. Although total meat production probably will be smaller in 1941 than in 1940, the trend thereafter is likely to be moderately upward. Supplies of dairy products are expected to increase. Poultry production is now somewhat



curtailed but can be expected to expand rather quickly with an advance in prices.

Price and Income Prospects. For the producers of most of the farm commodities chiefly dependent upon domestic markets, the prospects are for strengthening prices and increased farm income for some time to come. For the producers of commodities of which a considerable proportion is normally produced for export, prices and income will continue to depend heavily upon operation of the National Farm Program.

In spite of the reduced European outlets for hog products, hog prices may advance sharply in 1941 because of smaller production and increased consumer buying power. Prices of fats and oils, however, will probably continue low, and this will tend to limit the advance in hog prices.

Beef cattle prices already are relatively high. As long as producers continue to hold back breeding stock in order to increase cattle numbers, slaughter supplies will remain comparatively steady. Lamb and wool prices may advance more in the next year, and for lambs the price advance may be further extended.

Increased purchasing power of consumers will materially strengthen dairy markets and result in higher prices. Increased production probably will limit the increase in dairy prices.

To sum up:

Farmers producing commodities for domestic use and located near expanding industrial centers will be in the best position to benefit from the effects of the defense program on farm prices and income.

Farmers depending largely upon income from export crops will benefit least by the defense program and will be most seriously affected by the loss of foreign markets.

Production Costs Increasing. Farm-production costs will increase with the rise in the general level of prices. The goods that farmers use will go up in price. But for agriculture as a whole the rise in farm prices will more than offset the increase in production costs.

Even for the more fortunately situated producers of commodities for the domestic market, the rise in production costs will offset in part the expected rise in prices and gross income. Increased production costs will make even more difficult the problems of producers of export commodities.

Farmers Still Working for Parity. The parity-price goal of the farm program has not yet been reached for most commodities. The ratio of prices received by farmers to prices paid for commodities and services used in production is still about 20 percent below the 1910-14 average, the goal established in national farm legislation by Congress.

For the commodities consumed domestically, progress toward the parity goal will be speeded by the increased employment and income resulting from the defense program. For the others, further progress or even retention of the past gains will depend heavily upon the National Farm Program.

Farm Program More Important. The farm program is holding prices for most export crops well above world levels. Prices for these crops and incomes of producers will continue to depend heavily upon production adjustment, commodity loans, surplus-removal programs, and farm-program payments.

Important elements in the national defense—maintenance of adequate food and fiber reserves, improved health and strength through distribution of farm surpluses to needy consumers, and conservation of soil—also are dependent upon the farm program.

New Opportunities Needed for Farm Families. There will be continued need for aid for low-income farm families, although increased city employment will provide some alternative opportunities and help to relieve the pressure of overpopulation on the land.

New and better opportunities will be needed for some who have been producing export crops for which markets will be seriously curtailed, as well as for those now on the land who are not needed in agricultural production.

The South is faced with the problems of both a large low-income rural population and the loss of foreign markets for its chief product—cotton. Similar problems will be difficult in other regions, such as the drought areas of the Great Plains, some of the specialty-crop areas of the Pacific coast, and the densely populated sections of the Appalachians.

Farm Needs in the Future. There will be increasing need for farmers to study their problems and cooperate in planning and wise action to solve them. Some of the major problems facing farmers now and for the coming years are:

1. Adjustment of farm production to find alternative opportunities for farmers who have been producing for export markets.
2. Working out of methods and conditions under which the United States may be able to regain some foreign markets after the war is over.
3. Improvement of the marketing and expansion of the domestic use of farm products.
4. Preparation for readjustments which will be required at the end of the war and at the end of our own defense effort.
5. Continuation without interruption of the conservation of soil, timber, water, and grass—the basic elements of agricultural and national wealth.

UNITED STATES DEPARTMENT OF AGRICULTURE
Office of the Secretary
Washington, D. C.

Supplementary Program
March 17, 1941

DEFENSE INFORMATION FOR
USDA EMPLOYEES

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Please return to
the Secretary's File Room

MEMORANDUM FOR CHIEFS OF BUREAUS AND OFFICES
Defense and Agriculture Series -- No. 3
Subject: The Supplementary Program for Cotton

In letter No. 2 of this series I transmitted to you a Department publication "European War, National Defense, and American Agriculture" which set forth some of the changes in the circumstances of farmers brought about by war abroad and defense at home. These changed circumstances of course mean that the national farm program must be strengthened to bring the utmost possible help to the farm families who are grappling with serious problems.

The program for cotton has been strengthened by the recently announced supplementary program for cotton. It puts greater emphasis on improved living standards and provides for further reducing cotton production in line with changed world market conditions. It seems to me that every member of the Department should know the facts of this supplementary cotton program and its significance.

The problem of cotton producers is one of the most difficult in the present situation. Similar problems exist for the producers of other export crops. Cotton and tobacco producers have voted marketing quotas to help meet the situation resulting from the loss of export markets. Wheat producers are now planning for a referendum on marketing quotas. With normal weather, corn producers also will need to decide whether or not to apply marketing quotas. In the present abnormal world situation, the measures of the Farm Program designed for more normal conditions will need to be strengthened to meet new problems.

Experience gained now in dealing with the problem of export crops will also be important after the war ends. We can not assume that the problem of the export crops will be solved when peace comes. Although World War No. 1 brought unprecedented demand for farm products, the general trend of farm exports has been downward for more than 40 years. And there is now no assurance that the long-time trend will be reversed when the present war is ended. United States producers will continue to seek their share of the world market, but the fact remains that the nations producing farm products for export can supply far more than the importing countries will take.

Agriculture faces the necessity for fundamental adjustment. And this fundamental adjustment must take into account not only the changed export market situation but also the necessity for making increased effort to meet the needs and increase the incomes of underprivileged farm people.

The supplementary cotton program strengthens the provisions for dealing with both of these problems. It is designed to bring about further adjustment in cotton acreage, along with increased cotton consumption and increased production and preservation of home food supplies by families now dependent almost solely upon cotton production.

This supplementary program will attack the cotton supply problem at both ends--the production end and the consumption end. In return for reduction below 1941 acreage allotments or 1940 measured acreage if that is lower, cotton producers will receive stamps which they can exchange for cotton clothing and other articles made of cotton. Families that qualify for cotton stamps will also be eligible for additional payments for production and preservation of foods which will contribute to better diet and reduce the necessity for cash expenditures.

Cotton producers will be able to reduce plantings by any amount in 1941 and still receive full conservation and parity payments. Cotton production may be reduced this year as much as a million bales through the 25 million dollar stamp payments available, plus changes in the provisions of the adjustment program that protect future allotments on farms where 1941 plantings are greatly reduced.

Cotton producers of course, with the aid of the Farm Program, have already gone a long way in making desirable fundamental adjustment. They have reduced cotton acreage by 16 million acres, or 40 percent below the 1928-32 average. At the same time, they have made outstanding progress in diversification and they have increased the acreage of soil-conserving crops and of crops needed for food and feed on the farm.

The present plans for cotton should bring about improvement in living standards through increased consumption of cotton and further increases in home production and preservation of family food supplies. The results may be significant now and for the future.

Claude R. Wickard

Claude R. Wickard,
Secretary.

UNITED STATES DEPARTMENT OF AGRICULTURE
Office of the Secretary
Washington, D. C.

March 18, 1941

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DEFENSE INFORMATION FOR
USDA EMPLOYEES

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MEMORANDUM FOR CHIEFS OF BUREAUS AND OFFICES
Defense and Agriculture Series -- No. 4
Subject: Wheat Marketing Quotas

In my last letter in this series I mentioned the probability of a referendum on marketing quotas for wheat and corn. According to present indications, the Nation's wheat growers will be asked to vote May 31 on a wheat marketing quota plan for handling their 1941 crop.

The marketing quota provisions of the Farm Program have been used successfully for cotton and tobacco. Faced with large supplies and limited markets, cotton and tobacco growers are marketing now under the quota system after referendum approval by overwhelming majorities. But for wheat growers, the plan is brand new. Each of us needs to become thoroughly familiar with it so we can help explain it to others.

Farmers have cooperated very well in adjusting their wheat acreage under the AAA program, but the abrupt and almost complete shut-off of foreign markets, combined with several years of favorable harvests, has raised supplies to a surplus level. Furthermore, acreage allotments have been maintained somewhat higher than actual market conditions would warrant because of the defense program.

A simple explanation of the situation which may lead to wheat marketing quotas is this: A record carryover and another big crop on the way. We will enter the new marketing year with a wheat supply of more than a billion bushels - nearly enough to last two years without growing another kernel.

The Agricultural Adjustment Act provides that whenever the supply of a basic commodity such as wheat reaches a specified above-normal point, the Secretary of Agriculture must declare marketing quotas in effect. For wheat this must be done by May 15. The quotas could become operative only if approved by two-thirds of the farmers voting in a referendum which would be held May 31.

If marketing quotas are approved, all farmers may feed or sell all the wheat they raise on their AAA acreage allotments. In other

words those who seed within their allotments will not be affected. But farmers who have over-planted their allotments will have to store or pay a penalty on all wheat produced in excess of their marketing quotas.

If quotas are voted down, all farmers will pay a penalty of a different kind - a price penalty resulting from the loss of price-supporting loans. When quotas are voted down, loans for the ensuing marketing year are prohibited by the Adjustment Act because under such circumstances loans would be an unwarranted risk of public money. Without price-supporting loans, there might be a return to 25 or 30 cent wheat.

First among those whose fortunes rise or fall with wheat are the 7 million men, women, and children on wheat farms. Others are affected too. Poor wheat prices can cause growers to shift to competition in the markets of other producers. Poor wheat prices mean that merchants and working people of cities and towns also suffer lower incomes.

If a marketing quota referendum is held for wheat, it will have a bearing on the entire National Farm Program. It will represent the first nation-wide test of a provision so basic to the functioning of the economic part of the program that the results will be of the greatest significance.

A farm referendum vote is agricultural democracy in action. Wise action in a democracy demands a well-informed electorate. Let us all do what we can to see that farmers have the information which they will need to make the kind of decisions that will be best for agriculture and the general welfare.

Claude R. Wickard

Claude R. Wickard,
Secretary.

UNITED STATES DEPARTMENT OF AGRICULTURE
Office of the Secretary
Washington, D. C.

April 9, 1941

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DEFENSE INFORMATION FOR
USDA EMPLOYEES

MEMORANDUM FOR CHIEFS OF BUREAUS AND OFFICES
Defense and Agriculture Series - No. 5
Subject: National Food for Defense Program.

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In the last two letters of this series I discussed measures which can help offset the loss of foreign markets resulting from war - the supplementary cotton program and the referendum on marketing quotas for wheat. In this letter I want to discuss the plans for increasing production of certain foods by assuring farmers favorable returns for converting feeds into livestock products.

With human freedom at stake in the world the United States has thrown the weight of its powerful resources on the side of the nations defending themselves against aggression. Defense has become the number one job not only in making this country strong but in maintaining the strength of the nations defending democracy. In this situation, the first task of agriculture is to make sure that there will be plenty of all the foods needed in the defense effort.

Among the foods for which there will be increased need are meats and dairy products and eggs. The time has come to convert feed supplies into food supplies. We have plenty of feed in the Ever-Normal Granary. Farmers need only to be assured of prices that will enable them to step up the production of the foods we need. Now, favorable prices should be assured through price-supporting purchases over a period of more than two years ending June 30, 1943.

Farmers will be urged to increase pork production by feeding hogs to heavier weights and by increasing farrowing of pigs; to increase dairy production by feeding cows more grain and by milking more cows; and to produce more poultry by increasing the size of flocks. Ample supplies of corn for increased feeding will be assured by continuation of the policy of making government held corn available to producers at the loan rate plus carrying charges.

Department purchases will be made in such a way as to support prices at approximately the following levels (Chicago basis): Hogs, \$9.00 per hundred; butter, 31 cents per pound; eggs, 22 cents per dozen; and chickens, 15 cents per pound.

The prices will vary according to seasonal variations, according to grade, and according to price differentials governed by shipping distances.

The supplies acquired through Department purchases will be available for transfer to other countries under the Lend-Lease Act; for direct distribution in this country through State relief agencies to needy families and for free school lunches; to meet requests from the Red Cross for shipment to war refugee areas; and for release on the market in case of unwarranted speculative price increases.

The program for increasing food production will not detract from the importance of continuing soil conservation and crop adjustment. However, because there will be increased need for corn there will be no corn marketing quota referendum this year and farmers in the commercial corn area who need more feed will be able to plant up to their usual acreage of corn without forfeiting AAA payments other than for corn. Farmers exceeding allotments by planting up to the normal acreage of corn will not be eligible for corn payments or for corn loans.

The program for encouraging increased production of livestock products represents a significant change in the National Farm Program to meet rapidly changing circumstances. Department of Agriculture employees will be asked many questions. All of us should make sure we are well informed.

Claude A. Wickard

Claude A. Wickard,
Secretary.